OLR Bill Analysis
sHB 6472

AN ACT ESTABLISHING A TAX CREDIT FOR GRADUATES OF INSTITUTIONS OF HIGHER EDUCATION AND PRIVATE OCCUPATIONAL SCHOOLS IN THE STATE.

SUMMARY

This bill creates a personal income tax credit for certain recent graduates from in-state postsecondary education institutions beginning in the 2020 tax year. The bill applies to Connecticut residents who (1) have a Connecticut adjusted gross income (AGI) of up to $75,000 in a taxable year and (2) graduated on or after January 1, 2020, with a bachelor’s degree, associate degree, or advanced manufacturing certificate. It allows them to claim up to $500, $1,000, or $1,500 in credits equal to their student loan payments for up to 10 successive years. Residents employed in STEM-related (science-, technology-, engineering-, or math-related) or high-demand fields qualify for the highest credit.

The bill allows residents to claim this personal income tax credit in addition to the recently created STEM graduate income tax credit (see BACKGROUND).

Under the bill, taxpayers claiming the credit must provide to the revenue services commissioner any documentation he requires, in the form and manner he determines.

EFFECTIVE DATE: July 1, 2019, and applicable to taxable years beginning on or after January 1, 2020.

ELIGIBILITY CRITERIA

Under the bill, residents are eligible for the credit only if their (1) state AGI does not exceed $75,000 and (2) associate or bachelor’s degree or advanced manufacturing certificate was awarded by an in-
state public or private college or university, or private occupational school, on or after January 1, 2020. They also must have made student loan payments to a private or governmental lender in an amount that is not offset by any other federal, state, or private education loan reimbursement program.

ALLOWABLE CREDIT AMOUNT

The credit allowed under the bill is equal to the resident’s student loan payments during the taxable year, up to the following amounts: (1) $500 annually for a resident with an associate degree or advanced manufacturing certificate; (2) $1,000 annually for a resident with a bachelor’s degree; or (3) $1,500 annually for a resident with a bachelor’s degree who is employed in a STEM field or certain high-demand fields as identified by the Office of Higher Education.

BACKGROUND

STEM Graduate Income Tax Credit

College graduates in science, technology, engineering, or math (STEM fields) may claim a refundable personal income tax credit of $500 for five successive taxable years after they graduate, beginning with the 2019 taxable year. Eligible taxpayers must (1) be employed in Connecticut; (2) have received a bachelor’s, master’s, or doctoral degree in a STEM field from an in-state or out-of-state higher education institution; and (3) live in Connecticut or move here within two years after graduating (CGS § 12-704f).

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute
Yea 22  Nay 0  (03/14/2019)